

**OFFICE OF THE INSPECTOR GENERAL
OF THE DEPARTMENT OF DEFENSE**

**SUMMARY OF
REPORTS ISSUED AND
PARTICIPATION ON MANAGEMENT ADVISORY TEAMS
AND SPECIAL AUDIT/EVALUATION EFFORTS**

JANUARY, FEBRUARY, AND MARCH 2003



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PART I

REPORT SUMMARIES

ACQUISITION PROGRAM

REPORT NO. D-2003-052. Acquisition of the Synthetic Aperture Radar/Moving Target Indicator. This report discusses why the Synthetic Aperture Radar/Moving Target Indicator (SAR/MTI) program was halted and pending program actions. The Army estimates that total life-cycle costs would exceed \$100 million for acquiring, operating, and maintaining 86 SAR/MTI systems.

Overall, the program office was cost-effectively developing and readying the SAR/MTI for full-rate production on the Tactical Unmanned Aerial Vehicle (TUAV). Because the Army has decided not to install the SAR/MTI on the TUAV but on the Extended Range/Multi-Purpose air vehicle and other as yet undefined air vehicles, the Program Executive Officer for Intelligence, Electronic Warfare and Sensors halted contractual actions until the Army clarifies SAR/MTI requirements in operational requirements documents being prepared for the new platforms. As a result, existing program documentation such as the acquisition strategy; the command, control, communications, computers, and intelligence support plan; the operational requirements document; the test and evaluation master plan; the program protection plan; the life-cycle cost estimate; and the risk management plan will need to be revised once the operational requirements documents for the new platforms are approved.

REPORT NO. D-2003-053. Navy Transition of Advanced Technology Programs to Military Applications. This report evaluates the Navy's current process for enhancing the likelihood that emerging technology would reach the warfighter.

Although the Office of Naval Research (ONR) created a structure to manage its science and technology efforts to facilitate the transition of technology, improvements are still needed. Specifically, while 30 of 33 technologies reviewed did have working-level integrated product teams, all of the 33 technologies lacked one or more of the elements for transitioning: none of the technologies had integrated product teams charters to establish roles and responsibilities; not all recipients were included in the working-level integrated product teams, documentation of integrated product teams' issues and actions were limited, and agreements on technology readiness levels and exit criteria were lacking; and none of the five acquisition recipients had identifiable funding for technologies scheduled to transition in FYs 2002 and 2003. Similar coordination problems were identified for the advanced technology demonstration projects included in this review.

Unless ONR improves its coordination with plan recipients by establishing working-level integrated product teams, and evaluates whether near-term planned transitioning should continue if transition funds are lacking, the Navy cannot make fully informed and prudent decisions on whether continued investment is warranted. ONR did not use the performance appraisal process effectively to assist in achieving DoD performance goals and its corporate goals of transitioning technology. The incorporation of technology transition in performance appraisal plans of product managers would provide accountability and contribute to the likelihood of technology transitioning. ONR did not have an effective management control program to evaluate the technology transition operations within the Science and Technology Directorate. Management needs to establish measurable management controls, direct the performance of internal reviews, and provide management control training so that annual statements of assurance are based on meaningful and reliable assessments of the science and technology process, and risks and controls can be identified.

CONTRACTING OVERSIGHT

REPORT NO. D-2003-056. Public/Private Competition for the Defense Finance and Accounting Service Military Retired and Annuitant Pay Functions. This report addresses an economic price adjustment error in the in-house cost estimate, the need for appropriate guidance relating to Government overhead costs, and the need for accurate contract performance requirements.

The consultant that prepared the military retired and annuitant pay functions in-house cost estimate incorrectly calculated the personnel costs. In-house personnel costs for 426 of the 503 positions were incorrectly adjusted for inflation for the entire performance period instead of only the first year. The most efficient organization development team, Defense Finance and Accounting Service (DFAS) management, and the IG DoD (the independent review officer) did not detect the error and the competition was awarded to the contractor based on a savings of \$1.9 million. However, had the error been discovered prior to award, the Government's in-house cost estimate would have been reduced by \$31.8 million. DFAS should determine a specific course of action for the current contract, to include a determination of why a re-competition should not be held; and review and initiate appropriate action relating to the contractor, the most efficient organization development team, and associated management controls. Specific guidance from the Deputy Under Secretary of Defense (Installations and Environment) would increase the likelihood that the DoD A-76 community would properly determine whether economic price adjustments apply to personnel positions.

The DFAS in-house cost estimate included \$33.7 million of "operations and general and administrative" overhead costs that were not reduced or otherwise affected by the conversion from in-house to contract performance. DFAS followed the procedures in the Office of Management and Budget (OMB) Circular A-76 Revised Supplemental Handbook and was required to use the standard 12 percent cost factor for overhead costs because DoD did not

develop and submit to OMB for approval an accurate overhead factor for DoD. However, after award of the contract, the overhead costs were not reduced or otherwise affected and continued to be a DFAS cost. Using the mandatory overhead factor affected the results of the cost comparison and reducing the overhead costs would have lowered the Government's in-house cost estimate. A supportable overhead rate for DoD operations and general and administrative overhead would result in fairer cost comparisons.

The DFAS contract had inadequate standards in the performance requirements summary for 7 of 10 contract performance requirements. As a result, contractor performance cannot be fully or effectively evaluated and holding the contractor accountable for inadequate performance is difficult. Rewriting the performance requirements summary to include all contractor responsibilities defined in the performance work statement and reassessing the critical elements of contract performance would permit contractor performance to be fully and effectively evaluated.

REPORT NO. D-2003-065. Allegations Concerning Government Acceptance Procedures for a Contractor's Parts. Congressman Robert Andrews requested the evaluation. The contractor provided documentation on 14 specific disputes with the Defense Contract Management Agency (DCMA). The dollar value of the purchase orders associated with the 14 disputes was \$39,594. The report provides the results of the evaluation of allegations made by the contractor.

The contractor's allegations could not be substantiated and the DCMA positions were supported by regulations in each of the 14 cases. The DCMA Quality Assurance Representatives properly performed their responsibilities of assuring the adequacy and authenticity of certifications and inspection and test reports in accordance with the Federal Acquisition Regulation and DCMA policies.

ENVIRONMENT

REPORT NO. D-2003-068. Army Response to Chemical Agent Incident at Tooele Chemical Agent Disposal Facility. The report discusses requirements for the successful investigation of a chemical agent accident.

Although the contractor's investigation report of the chemical agent accident that occurred at Tooele Chemical Agent Disposal Facility on July 15, 2002, was insufficient, the subsequent Army report was comprehensive. The Army treated the worker exposure as a serious accident, conducted an investigation led by high level Army management, and used the investigation findings to generate program improvement. On July 16, 2002, the Assistant Secretary of the Army (Installations and Environment) appointed a Board of Investigation, and on September 23, 2002, signed the completed report. The Army Board of Investigation identified 50 findings, including 12 direct causes, 20 indirect causes, and 18 observations, and

developed 97 recommendations for corrective actions directed at the systems contractor and multiple organizations within the Army. Army officials stated that the facility would not resume operation until corrective actions related to direct causes were implemented.

While systems contractor management self-identified problems with communicating safety issues, results of an employee opinion survey of 212 employees provided contradictory views of the communication between employees and managers: more than 85 percent of the employees were aware of the safety reporting process and believed management encouraged safety reporting, more than 50 percent of the employees surveyed indicated that management stressed production over safety during operations, and 16 percent of the survey respondents stated they had been told to fix a problem and not report it.

The Army investigation and corrective action process compared favorably with similar processes used by other Services and other Federal agencies. All processes we reviewed contained similar elements, metrics, and standards. On January 13, 2003, the Deputy Assistant Secretary of the Army for Environment, Safety, and Occupational Health led a multi-disciplined team to the Tooele Chemical Agent Disposal Facility to verify corrective action completion.

FINANCE AND ACCOUNTING

REPORT NO. D-2003-048. Reopening of Contracts in the Mechanization of Contract Administration Services System. This report discusses the lack of controls that cause inadvertent closure of contracts that must then be reopened and the effect of this process on the transition to a new payment system.

The Defense Finance and Accounting Service (DFAS), Columbus and the Defense Contract Management Agency (DCMA) closed a substantial number of contracts prematurely and had to subsequently reopen them. In July 2002, the Mechanization of Contract Administration Services system contained 10,819 contracts that had been closed out and later reopened. Of these contracts, 6,631 were reopened in the 18 month period from January 2, 2001, to July 3, 2002, or on average, 368 contracts per month. Although DFAS, Columbus identified their errors that resulted in premature contract closure, additional improvements were needed to proactively prevent errors before they occurred. Likewise, DCMA needed to do a better job assisting DFAS, Columbus in the closure process on contracts for which it has primary responsibility. Contracts closed out in error cause the unnecessary use of resources at both DFAS, Columbus and throughout the contracting community.

REPORT NO. D-2003-049. Promptness of FY 2003 Second Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services. The audit was conducted in response to Public Law 106-554, the Consolidated Appropriations Act

of 2001. The Act requires the inspector general of each Federal agency that receives water and sewer services from the District of Columbia to report to the Congressional Appropriations Committees on the promptness of payments within 15 days of the start of each quarter.

DoD Components promptly made second quarter FY 03 payments totaling \$530,000 to the Department of the Treasury for District of Columbia water and sewer services. Walter Reed Army Medical Center and the National Imagery and Mapping Agency were the only DoD Components required to pay this quarter. Washington Headquarters Services, Arlington National Cemetery, Fort McNair, the Navy, and Bolling Air Force Base have credit balances because of excessive charges in prior years and were not required to make quarterly payments for the FY 2003 second quarter.

REPORT NO. D-2003-054. Financial Reporting of Deferred Maintenance Information on Army Weapons Systems for FY 2002. The Federal Accounting Standards Advisory Board requires Federal entities to provide supplemental information on deferred maintenance as part of the entities' financial statements. This report is about Army compliance with deferred maintenance reporting requirements.

During 2002, the Army did not consistently and accurately compile information on deferred maintenance on its weapons systems. Army budget reports projected that unfunded deferred maintenance on its weapons systems would grow from \$311.8 million in FY 2001 to \$463.1 million in FY 2002. However, the budget reports could not be reconciled to information from condition assessments of Army weapons systems. Condition assessments for combat vehicles and Blackhawk helicopters indicated that the Army budget reports understated deferred depot-level maintenance by \$247.5 million for combat vehicles and \$118.8 million for Blackhawk helicopters. Additionally, the budget reports did not include at least \$234.5 million in deferred field-level maintenance on combat vehicles. The Army budget reports also did not report on \$105.9 million of unexecutable deferred maintenance on Patriot missiles. Unless the Army develops better procedures to compile deferred maintenance information, the Army will not be able to provide a reliable estimate of deferred maintenance on its weapons systems as required in supplementary information to the FY 2002 Army General Fund Financial Statements.

REPORT NO. D-2003-058. Financial Reporting of Deferred Maintenance Information on Navy Weapon Systems For FY 2002. The report discusses how to comply with deferred maintenance reporting requirements.

The Navy significantly increased the amounts it reported as deferred maintenance on its national defense property, plant and equipment (PP&E) in recent years from \$608 million in FY 1998 to \$1.3 billion in FY 2001. However, the Navy's estimate at the beginning of FY 2002 understated some deferred maintenance requirements by at least \$129 million and overstated other requirements by \$17.7 million. Also, the Navy did not perform the required reconciliation between its deferred maintenance information and its budget documentation. Additionally, the Navy's Military Sealift Command did not collect information on the deferred maintenance it incurred on support ships. The Navy had improved the deferred maintenance reporting process. However, the Navy needed to improve its procedures for collecting

information on deferred maintenance to be able to provide a reliable estimate of the cost to complete maintenance that was needed but not performed in FY 2002. In addition, the Navy's presentation of information about its deferred maintenance was inadequate. The Navy did not fully and adequately disclose changes in aircraft maintenance support plans and the method of measuring deferred maintenance for ships. Unless improvements are made to present complete information, the reader's ability to make informed management decisions on the condition of Navy national defense PP&E will continue to be impaired.

REPORT NO. D-2003-060. DoD Payroll Withholding Data for FY 2002. Office of Management and Budget Bulletin No. 01-02, October 16, 2000, requires all Federal agencies to review their civilian employees' retirement, health benefits, and life insurance payroll withholdings. The Defense Finance and Accounting Service (DFAS) pays about 682,000 employees with a total gross payroll of about \$1.4 billion within a given pay period through 11 payroll offices.

The payroll withholding amounts that DFAS reported to the Office of Personnel Management (OPM) did not exactly match the supporting detail they provided. We selected a sample of 280 employees and compared their payroll withholdings to authorizations in their Official Personnel Files. This comparison revealed 34 discrepancies (percentages apply to the sample of 280 not to the whole population) as follows: 3 gross pay discrepancies (1.07 percent), 13 life insurance withholding discrepancies (4.64 percent), 5 health benefits withholding discrepancies (1.79 percent), 9 Thrift Savings Plan discrepancies (3.21 percent), 3 Federal Employees Retirement System withholding discrepancies (1.07 percent), and 1 Civil Service Retirement System withholding discrepancy (0.36 percent). We recalculated headcounts, life insurance, and health benefits for the payroll detail files. The differences between the totals we recalculated and the DFAS payroll files were less than the reporting threshold criteria established in the agreed-upon procedures.

We performed the agreed-upon procedures specifically pertaining to payroll. We were not engaged to and did not perform an audit with the objective of expressing an opinion on the withholdings and contributions for health benefits, life insurance, retirement, and on the employee headcount of DoD. Therefore, we are not expressing an opinion. However we performed additional procedures based on generally accepted government auditing standards. In general, DFAS and supporting DoD organizations could improve internal controls over the accuracy of the payroll amounts withheld and remitted to OPM. The withholding amounts determined by performing the agreed-upon procedures differed from the withholding amounts presented in DFAS reports. The differences were less than the reporting threshold criteria established in the agreed-upon procedures.

REPORT NO. D-2003-062. Processing General Services Administration Rent Bills for DoD Customers in the National Capital Region. This report discusses the problems with processing and paying for rent bills. The General Services Administration (GSA) requested this audit after the Inspector General, GSA reviewed unpaid rent bills and found that Washington Headquarters Services (WHS) was responsible for the largest dollar value of delinquent rent bills.

Although WHS and GSA resolved all prior billing disputes with a settlement agreement at the end of FY 1997, they did not take appropriate actions to prevent the recurrence of billing problems in the National Capital Region (NCR). Specifically:

- o WHS and GSA did not effectively process rent bills. WHS determined that GSA bills were incorrect and did not rebill DoD customers about \$81.7 million that GSA charged for space that DoD customers occupied at various times in 161 buildings in the NCR from October 1, 1997, through June 30, 2001. WHS did not track differences between the amounts GSA billed and the amounts rebilled to DoD customers or effectively coordinate with GSA to resolve differences. Our detailed review of available records supporting the \$124.9 million charged by GSA and the \$116 million WHS passed on to DoD customers for 8 of the 161 buildings showed that GSA may have overbilled DoD by \$5.5 million, while WHS failed to rebill up to \$3.2 million in valid charges. WHS and GSA should form an integrated process action team to reconcile significant differences between the amounts GSA billed and the amounts WHS disputed and ensure that credits are issued and posted for overcharges to WHS. To help prevent future differences from being unresolved for extended periods of time, WHS should establish procedures to identify, document, and track differences between the amounts GSA billed to WHS and the amounts WHS billed to DoD customers.

- o The informal process for documenting and resolving disputes on GSA rent bills for space in commercial buildings in the NCR was not effective and needs improvement. WHS and GSA need to document rent disputes on GSA Form 2992 “Adjustment Voucher for Standard Level User Charge Transaction,” and periodically meet to resolve unsettled rent issues. Further, WHS needs to improve communication with DoD customers by providing a copy of the current occupancy agreement related to each lease and pertinent other information.

- o DoD customers did not pay, or the Defense Finance and Accounting Service (DFAS), Kansas City, Missouri, did not forward to GSA about \$20.7 million in rent bills passed on by WHS. To ensure that those funds are properly accounted for, DFAS needs to followup with DoD customers to verify that outstanding amounts are paid and GSA accurately posted payments to GSA records.

Together, WHS and GSA have formed an integrated process action team and have begun reconciling the amounts GSA billed to WHS that WHS disputed. GSA has issued credits, totaling about \$3.8 million, for disputed WHS rent bills for the eight buildings. In February 2002, WHS and GSA reinstituted the use of the GSA Form 2992 to document rent disputes and have held periodic meetings to resolve unsettled rent issues. Through a mutual concerted effort, WHS and GSA have also resolved most of the occupancy agreement disputes.

REPORT NO. D-2003-067. Audit of Recoveries of Prior Year Obligations. The report discusses how to properly record and report recoveries of prior year obligations (recoveries).

The Defense Finance and Accounting Service (DFAS) Cleveland used a process to determine the recovery amounts reported on the Navy General Fund monthly Standard Form 133, “Report on Budget Execution,” that was not reliable. In FY 2002, DFAS Cleveland posted 9,983 manual journal voucher entries using invalid general ledger accounts to record

the recovery amounts in the Standard Accounting and Reporting System. As a result, the amounts reported for recoveries on departmental reports were unreliable, and processes used to enter recoveries were not in compliance with generally accepted accounting principles. Also, the effort DFAS Cleveland expended to manually post the recoveries data could have been put to better use. The unreliable queries and the use of invalid general ledger accounts would not be necessary if the accounting database was programmed to record recoveries as they occur at the transaction level. In addition, the DoD Financial Management Regulation should be updated to bring it in line with guidance issued by the Department of the Treasury.

HEALTH CARE AND HUMAN CAPITAL

REPORT NO. D-2003-063. Resource Sharing Between DoD and the Department of Veterans Affairs. The report discusses barriers to sharing and the numerous initiatives to address those barriers that will help management coordinate an overall strategy and increase the sharing that occurs between DoD and Veterans Affairs (VA).

Although DoD and VA have made progress, barriers exist to increased local sharing. Numerous audits and reviews have identified and reported many barriers to local sharing between the two Departments. Removal of the barriers would facilitate local sharing agreements and ensure health care resources are more fully used. In addition to local sharing agreements, DoD and VA have ongoing departmental-level oversight and initiatives to increase sharing. Increased sharing is also part of the focus of recent executive actions and legislation. Because of ongoing efforts of numerous groups to review resource sharing between DoD and VA, we limited our review to summarizing reported barriers to local sharing agreements and the status of departmental-level sharing efforts.

REPORT NO. D-2003-072. DoD Compliance With the Uniformed and Overseas Citizens Absentee Voting Act. This report discusses DoD and Service compliance with the Act and implementation of regulations regarding the Federal Voting Assistance Program in DoD. It also provides the assessments from the Inspectors General of each Service on the effectiveness and compliance of their Services' voting assistance programs.

The Federal Voting Assistance Program Office developed guidance and resources for effective and compliant DoD implementation of the Act; however, the effectiveness of the Services' programs varied at the locations visited. The Office provided a variety of comprehensive and useful resources for uniformed absentee voters and the Service's voting assistance programs. Additionally, the Office provided training and guidance to a worldwide network of Service voting assistance officers and continues to focus attention on issues related to the standardization and simplification of the absentee ballot process. Because of the delayed issuance of DoD Directive 1000.4, "Federal Voting Assistance Program," June 3, 2002, the Under Secretary of Defense for Personnel and Readiness needs to continue to oversee the Services' voting assistance program guidance.

Although each Service had a plan for implementing the voting assistance program, the effectiveness of the Services' programs varied for the November 2002 election at the 10 locations we visited. In our opinion, the Service voting assistance programs were partially effective at six locations and ineffective at four locations. Problems we identified for the November 2000 election continued to exist for the November 2002 election, such as Unit Voting Assistance Officers (Officers) and uniformed absentee voters lack training, absentee voters were not aware of voting assistance resources and Officers, and the span of control of Officers was too large. The continued existence of the problems indicates that improvements to Service voting assistance programs are needed. The Services can improve their programs by including all of the requirements in DoD Directive 1000.4 in their implementing guidance. The Services should also increase command emphasis at all levels and improve oversight of program implementation.

INFORMATION TECHNOLOGY RESOURCES

REPORT NO. D-2003-051. Development Testing of Prophet Mission-Critical Software.

This report is a review of the development testing of mission-critical software for the Army Prophet Engineering and Manufacturing Development (EMD) System and the Prophet Block I System. Prophet is a Division-Level ground based electronic surveillance system, which provides protection in a direct support role to the maneuver brigade; either stationary, or while on the move.

The development testing of mission-critical software for Prophet EMD and Prophet Block I was generally adequate except for the following issues. Prophet Block I with the Man Machine Interface will be fielded without ensuring that the system meets operational needs and that it retains its effectiveness and suitability for the typical user in an operational environment. An operational test assessment of the system was required before fielding. The system security certification of the Prophet EMD was incorrectly designated at Level 1 instead of the higher level 2. Independent security certification analysis, testing, and evaluation were not planned. Prophet will be fielded without knowing the extent to which the systems meet information assurance requirements.

REPORT NO. D-2003-061. The Development of the Navy Standard Integrated Personnel System.

This report deals with the issues of coordination of ongoing legacy system development with replacement systems. By the time the Navy System reaches full operating capability in second quarter FY 2003, the Navy will have spent \$265 million on development. Further, the Navy intends to spend an additional \$201.8 million on the system after it reaches full operating capability. Of this later amount, almost \$33.4 million will be spent from the Research, Development, Test, and Evaluation appropriation, which in accordance with budget guidelines, is to be used for software development, while the Operation and Maintenance appropriation is to be used to operate the system and maintain the software.

The Navy continues to program and spend funds to enhance the System even though the Defense Integrated Military Human Resources System is scheduled to replace the System in FY 2005. Because the Defense Integrated Military Human Resources System will replace the System in FY 2005, the \$33.4 million that the Navy has programmed for further development of the System after it achieves full operating capability could be put to better use. We identified a material weakness in that neither the Program Executive Office-Information Technology nor the Navy Standard Integrated Personnel System Program Management Office had established a management control program, and no annual assessments had been done.

LOGISTICS

REPORT NO. D-2003-057. Accountability and Control of Materiel at the Naval Air Depot, Jacksonville. The report discusses compliance with policies and procedures used to account for and control materiel at Naval Air Depot, Jacksonville. The value of the depot maintenance materiel inventory was about \$89 million.

The Depot maintained materiel that exceeded requirements. As a result, the Depot had about \$20 million of materiel in excess to known requirements stored at the depot. Also, our stratified sample of 385 inventory records at the Depot produced an estimated count error rate of about 23.8 percent. Excess and inaccurate inventories will result in materiel that loses visibility to item managers and may become lost, obsolete, or stolen. In addition, proper management decisions over the use of materiel may have been hampered. Increased management controls over maintenance materiel will improve the accuracy of Depot inventory, reduce excess materiel, and correct material management control weaknesses identified in this report.

REPORT NO. D-2003-064. Accountability and Control of Materiel at the Warner Robins Air Logistics Center. The report discusses compliance with policies and procedures used to account for and control materiel at the Center. The DoD FY 2002 budget for depot maintenance was approximately \$15.3 billion. The Air Force portion of that amount was about \$6.4 billion.

The Center did not effectively manage or control materiel stored in local maintenance shops. The following conditions were found.

- o Maintenance inventory records, when matched to a physical count, had a projected count error rate of 22.4 percent. The error rate overstatements are valued at an estimated \$6.6 million and error rate understatements are valued at an estimated \$4 million. Also, records for the Avionics Division's floating spares inventory, when matched to a physical count, had an actual count error rate of 25.7 percent, resulting in overstatements of about \$5.3 million and understatements of \$1.2 million.

o Materiel stored in maintenance storerooms and on shop floors exceeded requirements. The materiel was valued at about \$14.1 million.

o Materiel on the shop floor and in the floating spares storage area of the Avionics Division was not recorded on accountable records. The materiel was valued at about \$16.1 million.

As a result, the Center had large and inaccurate inventories that were difficult to manage and included materiel either in excess to known requirements or unaccounted for, valued at about \$30.2 million. Consequently, the Center could have about \$30.2 million in potential monetary benefits. Further, the excess, unrecorded materiel was not available to item managers to satisfy valid requirements and, lacking visibility, allowed materiel to be subject to loss, obsolescence, and theft.

OTHER

REPORT NO. D-2003-066. Controls Over the Use and Protection of Social Security Numbers Within DoD. This report is in response to a request by the General Accounting Office (GAO) for member Inspectors General of the President's Council on Integrity and Efficiency to conduct a review on the use of Social Security Numbers within their agencies and to verify the information reported on a GAO questionnaire. The four DoD agencies that responded to the GAO questionnaire were the Defense Manpower Data Center, the Army and Air Force Exchange Service, the Defense Security Service, and the Tricare Management Activity.

We reviewed three of the four DoD agencies that responded to the GAO questionnaire. Those three agencies made disclosures of personally identifiable information for legal purposes; however, their Privacy Programs needed improvements in policy administration, oversight, periodic reviews, physical security, and training. After we notified officials at the DoD agencies of our findings, they concurred and took or agreed to take the necessary remedial actions to mitigate the risk of improper disclosure of Social Security Numbers. Those actions will help the agencies improve appropriate controls over contractors' and other entities' access to and use of the Social Security Numbers maintained in their databases.

AUDIT OVERSIGHT REVIEWS

REPORT NO. D-2003-6-004. Report on Quality Control Review of Grant Thornton, LLP Office of Management and Budget Circular A-133 Audit Report of the Center for Naval Analyses Corporation, Fiscal Year Ended September 30, 2001. The objective of this quality control review was to determine whether the Grant Thornton, LLP audit of the Center for Naval Analyses Corporation (CNAC) was conducted according to Government Auditing Standards (GAS) and the auditing and reporting requirements of Office of Management and Budget (OMB) Circular A-133.

The audit work did not meet the requirements of OMB Circular A-133 and GAS because Grant Thornton auditors did not adequately plan, execute, and document the FY 2001 single audit of Federal programs. CNAC generally complied with OMB Circular A-133 reporting requirements, except that the Schedule of Expenditures of Federal Awards did not clearly identify expenditures received as pass-through awards or provide the identifying number assigned by the pass-through entities. In addition, the reporting package did not contain a Summary Schedule of Prior Audit Findings.

PART II

PARTICIPATION ON MANAGEMENT ADVISORY TEAMS AND SPECIAL AUDIT/EVALUATION EFFORTS

Summary of the Office of Assistant Inspector General for Auditing - Participation on Management Advisory Teams

(Area Code 703 unless otherwise indicated)

Acquisition Governance Board—DoD Charge Cards (DAVID STEENSMA, 604-8901)

*Lead Components: Under Secretary of Defense for Acquisition, Technology, and Logistics and
Under Secretary of Defense (Comptroller)*

Commercial Activities Inventory Integrated Process Team (HENRY KLEINKNECHT, 604-9324)

*Lead Components: Under Secretary of Defense for Acquisition, Technology, and Logistics and
Under Secretary of Defense for Personnel and Readiness*

Defense Acquisition Policy Working Group (JOHN MELING, 604-9091)

Lead Component: Under Secretary of Defense for Acquisition, Technology, and Logistics

Defense Environmental Safety and Occupational Health Policy Board

(BILL GALLAGHER, 604-9270)

Lead Component: Under Secretary of Defense for Acquisition, Technology, and Logistics

DLA/Honeywell Strategic Supplier Alliance Relationship (HENRY KLEINKNECHT, 604-9324)

*Lead Components: Deputy Under Secretary of Defense (Acquisition Reform) and
Defense Logistics Agency*

DoD A-76 Integrated Process Team (ANELLA OLIVA, 604-9323)

*Lead Components: Under Secretary of Defense for Acquisition, Technology, and Logistics and
Under Secretary of Defense for Personnel and Readiness*

Financial Management Modernization Program (DAVID STEENSMA, 604-8901)

Lead Component: Under Secretary of Defense (Comptroller)

Government Information Security Reform Act Information Assurance Integrated Process Team
(WANDA SCOTT, 604-9049)

Lead Component: Assistant Secretary of Defense (Command, Control, Communications and Intelligence)

Mechanization of Contract Administration (MOCAS) Integrated Process Team
(JIM KORNIDES, 614-751-1400 x211)

Lead Components: Under Secretary of Defense for Acquisition, Technology, and Logistics and Under Secretary of Defense (Comptroller)

Past Performance Integrated Product Team (BOBBIE SAU WAN, 604-9259)

Lead Component: Under Secretary of Defense for Acquisition, Technology, and Logistics

Single Process Initiative Management Team (DEBORAH CARROS, 604-9217)

Lead Component: Defense Contract Management Agency

Special Oversight Coordination Group (DAVID STEENSMA, 604-8901)

Lead Component: Inspector General of the Department of Defense

Summary of the Office of Assistant Inspector General for Auditing - Participation in Special Audit/Evaluation Efforts

Audit Committees:

- Defense Advanced Research Projects Agency (DAVE VINCENT, 604-9109)
- Defense Commissary Agency (DAVE VINCENT, 604-9109)
- Defense Contract Audit Agency (PAUL GRANETTO, 604-9101)
- Defense Finance and Accounting Service (PAUL GRANETTO, 604-9101)
- Defense Information Systems Agency (RICHARD BIRD, 604-9102)
- Defense Logistics Agency (PAUL GRANETTO, 604-9101)
- Defense Security Service (BRIAN FLYNN, 604-9489)
- Defense Threat Reduction Agency (LEON PEEK, 604-9587)
- Missile Defense Agency (DAVE VINCENT, 604-9109)
- National Reconnaissance Office (LEON PEEK, 604-9587)

Federal Audit Executive Council Multi-Agency Working Groups:

- Government Wide Financial Statements (RICHARD BIRD, 604-9102)

Joint Audit Planning Groups:

- Acquisition Program (MARY UGONE, 604-9002)
- Base Realignment and Closure (KEITH WEST, 604-9202)
- Construction, and Installation Support (KEITH WEST, 604-9202)
- Contracting Oversight (KEITH WEST, 604-9202)
- Quality Assurance Planning Group (KEITH WEST, 604-9202)
- Joint Credit Card Audit Planning Group (JOE DOYLE, 604-9349)
- Environment (BILL GALLAGHER, 604-9270)
- Health Care and Human Capital (MIKE JOSEPH, 757-872-4698)
- Information Technology Resources (WANDA SCOTT, 604-9049)
- Intelligence (CHARLES SANTONI, 604-9051)
- Logistics (TILGHMAN SCHRADEN, 604-9186)